

St. Mary Rehabilitation Working Group Meeting
10:00 – 3:00 December 19, 2006
Best Western Heritage Inn – Great Falls, Montana

Welcome and Introductions:

Members Present: Randy Reed, Dave Peterson, Bud Mavencamp for Kevin Salsbery, Dolores Plumage, Paul Tuss, Gary Anderson, Max Maddox, Don Wilson, Randy Perez, John Lacey, Michael DesRosier, Marko Manoukian, Steve Page, Jim Rector

Staff Present: Larry Mires (Exec. Director), Brandi Beecher (Exec. Assistant), Paul Azevedo (DNRC-Project Coordinator), Judy Edwards (MT Consensus Council)

Information included in meeting handouts:

- Agenda
- Approved October 11, 2006, SMWG Meeting Notes.
- Draft November 15, 2006, SMWG Meeting Notes.
- Draft November 15, 2006 SMWG Executive Committee, conference call Meeting Notes.
- Draft December 12, 2006, SMWG Executive Committee, conference call Meeting Notes.
- SMWG Financial Statement.
- Draft 2007 SMWG Budget.
- Handout on 2007 Upcoming Water Conferences.

Review and approval meeting notes:

- SMWG approved agenda.
- SMWG approved November 15, 2006, meeting notes.

Review and Approve Compensation for Executive Director

- Paul T. reported the SMWG Executive Committee met on December 12 by conference call and agreed to suggest hiring an Executive Director to the entire SWMG. Larry will continue to serve as the Executive Director, using 90% of his time working on SMWG issues. The salary package total is \$61,290, including \$ 48,500 salary per year plus \$6,000 in employee contributions, and \$6,000.00 for office rent in the Glasgow Job Service Building.
- Gary A. would like to see more time spent in local areas.
- Randy R. suggested developing a protocol for Larry's time, to make sure that he is spending his time on high priority issues for the SMWG.
- Dolores P. said the Outreach Committee needs administrative assistance from Larry. She said SMWG needs to set up a networking group and she would like to see Larry spend additional time doing local outreach.
- Paul T. reminded everyone that Larry will be full time, thus, he will have more time to spend on SMWG issues.
- Steve P. added SMWG needs to expand Larry's job description so he knows what is expected of him.
- Lt. Gov suggested putting together a newsletter to keep SMWG informed.
- Jim R. said he felt, with email, there is not a need for a newsletter.
- Randy P. added Larry is always easy to contact, so a newsletter may not be best use of time.
- Mike Dailey suggested using the Milk River News.
- Dolores said there is a problem with communication within the SMWG. She felt the SMWG doesn't get enough background materials or handouts that would be educational for the SMWG.
- Gary A. said the SMWG needs to create a timeline with goals.

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- Lt. Gov. suggested the Executive Committee may want to develop an Executive Director Job Description, describing importance of issues, including concerns of additional communication and education.
- Paul T. suggested revising the contract to include those concerns.
- SMWG approved by consensus the compensation of \$61,290, including salary and employee benefits, and Executive Committee will develop the job description within the contract to address SMWG concerns.

Review and Approve Working Group '07 Budget

- Larry M. reviewed the SMWG 2007 draft budget. He pointed out the SMWG will use a calendar year instead of the State's fiscal year, beginning on January 2007.
- Dolores P. noted the legal fees line item was not used in 2006. Is the legal service line item needed for 2007 and why now?
- Larry M. said to-date the SMWG has used the DNRC attorney; however, the SMWG may need to have its own legal council.
- Paul A. added, Anne Yates is legal council for DNRC, and she can only give the State legal advice.
- Dolores said she felt the need to develop a criteria for spending legal service dollars.
- Judy E. added that, since the SMWG operates on the process agreement, the SMWG would have to approve any expenditure.
- Mike B. questioned the RDGP grant. Paul A. said the RDGP grant is from the 2005 Legislature. Another RDBG grant has been applied for and will go to the 2007 Legislature.
- Steve P. asked if there is a spending procedure? Paul A. said the SMWG Executive Committee has set spending limits for the Executive Director.
- SMWG approved by consensus the 2007 SMWG budget.

Congressional Staff Reports

- Kristina Davis of Senator Baucus' staff handed out a press release titled "Byrd, Obey Announce FY 2007 Plan." She said there will be a Continuing Resolution and all appropriations have been wiped off the slate. She also said Senator Baucus' staff is exploring other avenues of getting initial funds for the SMWG.
- Seth Broesder of Congressman Rehberg's office reported the continuing resolution will wipe out all earmarks. He reported Heather Stefanik is transitioning from Senator Burns' office to Representative Rehberg's office. He also said, due to recent House makeup, there are still questions on Committee makeup. At this time, Rehberg is likely to remain on the Appropriation's Committee.
- SMWG had extensive discussion on the effects of the Continuing Resolution to the SMWG.

Report for Contingency Planning Committee

- Dave P. reported the Contingency Planning Committee held a conference call earlier this month developing goals for the committee:
 - Develop strategy to create contingency plan.
 - Explore Fundraising and Financing options for contingency plan.
 - Develop a plan in case of catastrophic failure.
- The Contingency Planning Committee met with BOR representatives on December 18 discussing the development of a plan in case of catastrophic failure. The group will meet again the day before or day after the next SMWG meeting to discuss plan development, responsibilities.

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- Dave P. reported the SMWG Contingency Group met on the evening of December 19, discussing goals and objectives. The Committee's current contingency plan is to keep pushing the Commissioner of Reclamation for authorization and to reintroduce the initial authorization language in the 110th Congress. The Committee discussed the development of a Basin Authorization and felt it would make more sense for the Milk River Joint Board to take over the efforts. Also discussed getting the Milk River classified as a chronically dewatered stream, which may also be completed by the Milk River Joint Board.
- Mike Daily added there was extensive discussion on a catastrophic failure and the continued need for public support to continue the SMWG efforts.
- Steve P. said, as an irrigator, he is concerned if there is a Contingency Plan in case the St. Mary/Milk River system failed. Lenny D., with BOR, said there is an emergency plan for public safety but there is not a plan for repairing the system. SMWG discussed the need for a plan to repair/replace the system as funds become available.
- Don W. questioned what will happen to the irrigator's current contracts if there is a system failure? Lenny said, before there is any major repair expense, they would be required to meet with contract holders on the expenses. Bret Esplin reported the contract holders are currently responsible for making the repayment during the year that it is incurred.
- Don W. questioned if the BOR is responsible to deliver water to the irrigators. He said, for example, the BIA is required to supply the water or irrigators can sue. Brent said as far as he was aware, the Milk River irrigation contracts do not hold the BOR responsible to deliver the water.
- SMWG discussed BOR's responsibility to deliver water and if there was a failure, the current authorization would require the irrigators to pay for the repairs in full during the year the costs were incurred.
- Randy R. reported the Commissioner of Reclamation is working to create a catastrophic failure plan.

Discussion of Draft State Legislation LC0360

- Judy E. explained the efforts of the SMWG to develop a Basin Authority. She said the SMWG gave Larry the authority to have a placeholder drafted for the creation of a Basin Authority. Judy asked if the members of the SMWG should continue to develop a Basin Authority or if they felt it should be developed by another entity.
- Marko reminded the SMWG that the Contingency Committee recommended not continuing the effort.
- Randy P. said the Fort Belknap Tribe is against the SMWG being involved in the creation of a basin entity.
- John Lacey reported the Glasgow irrigation district was against the concept.
- Jim R. said he felt the SMWG needs to create an entity to manage the efforts and management. He felt it is imperative to have a basin-wide authority to represent all of the interests not just the irrigators.
- Randy R. said he is the President of an 8,000 acre irrigation district with their own irrigation dam, which will eventually fail. The irrigators do not have the financial means to repair it. He said the only way to sustain the irrigation system is to create a revenue generating entity to tax all of the users, thus raising funds for the water systems.
- Jim R. said the entire Basin needs a revenue generating entity that will give all water users, not just irrigators a voice.
- Don W. said the Blackfeet Tribe is working to find a solution to their compacting issues with little effect on the downstream irrigators; however, if the Blackfeet Tribe is pushed into a Basin

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Authority that would limit or prohibit the Blackfeet Tribe activities, the Tribe may have to find solutions that would have a negative effect on down stream irrigators.

- Max M. said the Joint Board supports the basin authority concept, however they do not feel it's a duty of the SMWG to champion the legislation. The Joint Board is willing to work with other entities on moving the basin authority concept forward.
- Jay Weiner talked about the Milk River Compact Commission's goals and their efforts with the Blackfeet negotiations.
- Ruben Horseman said he represents the Fort Belknap irrigators, not tribal irrigators and read a written statement saying they are against the SMWG proposing any Legislation that effects water compacting. He said the irrigators believe the State of Montana is using the SMWG to avoid compacting issues.
- Gary A. asked for more information about an authority. What is an authority? What does it do? Need additional information, felt it was premature for the SMWG to make a decision without additional information.
- Randy P. said he thought the SMWG could be the entity to create a Basin Authority, with more education. He said it may be a workable solution, as Tribes understood the effects of the entity.
- Randy R. said there has to be additional finances brought to the table other than just irrigators. He also stated there is a need to bring additional water users to the table, not just irrigators.
- Lenny D. said adding local entities would show Congress this is a sustainable project and it is supported by basin water users.
- Long Standing Bear Chief commented he did not understand, felt the SMWG may not fully understand the entity concept and there is a need for more information.
- Jim R. said the SMWG has spent a lot of time talking about a working solution, and it's time to move forward instead of just talking.
- Dolores said there are several vested interests in the LC 0630, and she doesn't understand the concepts. She was surprised that the State was not neutral on the issue. She said the SMWG needs to find out who will carry the bill and if the SMWG continues to support the bill.
- Paul A. said the reason that he did not facilitate the discussion was because Dolores asked that he not facilitate the discussion. Dolores corrected Paul A., that she did not want Randy R. to Chair the discussion because he was passionate about the issue. Paul A. added he felt it is an issue of local taxing and he felt the State should not be in the conversation. He thought it was more of a local issue.
- Ruben H. asked if there is State funding for the St. Mary project? Lt. Gov said there is no funding within the Governor's budget.
- Randy R. said he felt the bottom line is the need for additional revenues. He said there may be other sources of funding, other than taxes. However, the SMWG needs to pull as much information together as a group to assist with finding a solution.
- Larry M. reminded the SMWG that the LC 0630 is only a draft placeholder, and there is a lot more work and research to be done.
- Pat Thomas said, if the Basin Authority area includes the Blackfeet area, the Blackfeet Tribe will directly oppose it. He added that, anytime SMWG proposes Legislation, it takes a lot of Blackfeet Resources, including Jeanne Whiteing and Don Wilson's time.
- John Allen of Fort Belknap Tribal Council said Fort Belknap owns 1/7 of Fresno dam and owns Dodson dam. He said the Milk River Water and Power Authority created a lot of concerns. Mostly concerned about the Authority having the authority over power and hydropower. He understood the LC was a draft, but it did not include Fort Belknap and the Fort Belknap Tribes is a big part of the Milk River. He would like Fort Belknap to have some input in the bill.
- Judy E. wrapped up the conversation by saying we need to continue the conversation during the next meeting.

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Status of Outreach Committee

- Steve P. said he felt the Outreach Committee needs to be restructured. He said he is willing to serve on the committee, but he can not continue as the Committee Chairman due to time constraints.
- Dolores talked about the need for more outreach and more education. She would like the Outreach Committee to do some research for the entire SMWG. She asked what the SMWG expects from the Outreach Committee?
- Paul A. referred to previous meeting notes, explaining several topics on which the SMWG agreed they need more information.
- Paul T. said he felt it is helpful to have education presentations during SMWG meetings.
- Gary A. would like to see handout distributed to the SMWG before educational presentations, so SMWG members are prepared.
- Judy E. talked about using time wisely, and importance of selecting educational issues important to all SMWG members.
- Randy R. suggested the Outreach Committee meet after the meeting. Also recommended Marko to serve on the Outreach Committee. Marko agreed.

Executive Directors Report

- Larry M. reported he has been traveling across the Hi-line doing presentations and showing the trailer in several Hi-Line communities parade of lights.
- Larry M. reported the NWRA San Diego conference was useful in discussing the extensive need for aging infrastructure repairs. He said that Montana has gained a lot of recognition on the SMWG because of the national travel and networking. He said he felt there is a need to continue to promote St Mary/Milk River Project.
- Randy R. added that the NWRA conference has created opportunities because of ongoing promotion. He said he believes the Commissioner of Reclamation is working on a solution for aging infrastructure.
- Max M. added the SMWG has gained national recognition and continues to gain support.
- Larry M. said he is in the process of meeting with all of the Milk River irrigation districts. He said he needs a list of groups that need presentations.
- Larry reviewed the upcoming 2007 water conferences. Max added the MWRA is holding a Legislative Committee meeting on January 8 and MWRA is hosting a Legislative reception on January 23.
- Larry suggested resubmitting Authorization language to Senator Baucus and Senator-elect Tester and Congressman Rehberg. He suggested the SMWG travel to Washington, D.C. during the end of January or early February to meet with Montana Congressional Delegation.
- Larry talked about the concept of asking for additional funding from the State. He said, after doing some research, several elected officials have suggested the SMWG wait until the feasibility study is completed.
- SMWG approved sending Larry Mires to San Diego to NWRA meeting on January 4-5, 2007.
- SMWG approved sending Larry Mires to the conferences listed on the 2007 upcoming meetings.
- Larry added that he received a letter from Kay Blatter requesting a seat on the SMWG for the JB new manager.

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Financial Report

- Paul T. presented the financial report pointing out an expenditure to the Family Farm Alliance for the SMWG membership. Paul T. also thanked the Walleyes Unlimited Fresno for their recent contribution of \$3,000.

NEPA Compliance Meeting

- Paul A. reported DNRC met with BOR discussing planning efforts for NEPA compliance, once it is funded. BOR will be the lead agency for NEPA compliance. Paul reported there will be several cooperating agencies during the planning process.
- Paul A. said the next meeting will be held in February.

St. Mary's Operation Report

- Lenny D. of BOR reported as of December 14, the capacity of Sherburne was 37,619 acre feet, compared to 36,248 acre feet a year ago. Fresno is at 42,636 acre ft, compared to 47,875 a year ago. Nelson is at 47,496 acre feet, compared to 55,881 a year ago. Lenny said snow pack is slightly above last year.

Working Group/Public Comments

- Bob Jarvis of the Blackfeet Water Commission commented the SMWG needs to remember who the beneficiaries of the water are. He asked the SMWG to go on record of supporting the Blackfeet Tribe's water compacting negotiations.
- Kay Blatter urged the SMWG to push forward on the effort to create a Basin Authority. He said the Milk River Joint Board supports developing a basin authority. He also reminded everyone that irrigation and agriculture drives rural community's economy.
- Paul A. said the SMWG made progress during the past year and got hit by Washington DC politics.
- Mike Murphy said the SWMG is making progress. Added Larry M. has been elected to the MWRA Board of Directors. From a statewide prospective, the MWRA is working on several pieces of water legislation.
- Paul T. commented on who will be going to Washington D.C. Larry suggested Paul T attending as well as Randy Reed and tribal representatives.
- John Allen said Fort Belknap Tribes do not have objections to forming the authority, but they want to be a part of it.
- Lazure Eureax commented on the SMWG efforts.
- Jay Weiner gave an update on the Blackfeet Water compacting hearing.
- Don W. added that, if SMWG members want to make comments during the Blackfeet Compacting hearing tomorrow, they must register when they arrive at the meeting.
- Randy P. said having meetings away from the Milk River Basin is not a good idea. He suggested Havre or Chinook.
- Dolores reminded the SMWG that the process agreement requires the agenda to say decision needed if an item is to go to a vote.
- Paul A. questioned if BOR could start work on the NEPA if there was funding. Terry Z. responded they may be able to, but need to have further discussion.

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Summary of Agreements

- SMWG approved by consensus the compensation of \$61,290, including salary and employee benefits, office rent in Glasgow, and Executive Committee will develop the job description within the contract to address SMWG concerns.
- SMWG approved by consensus the 2007 SMWG budget.
- SMWG approved sending Larry Mires to San Diego to NWRA meeting on January 4-5, 2007.
- SMWG approved sending Larry Mires to the conferences listed on the 2007 upcoming meetings.

Summary of Action Items

- SMWG Executive Committee will develop the Executive Director Job Description within the contract.
- Paul T. and Paul A. will transfer the RDGP grant funds allocated in the SMWG budget to Bear Paw Development.
- Contingency Planning Committee will set up a meeting in January.
- SMWG members need to work with Larry to arrange presentations to groups across the Hi-Line.
- Judy E. will be making calls to SMWG to discuss Basin Authority.

Next Meeting

- January 25th in Chinook.

Potential next meeting agenda items

- Reports from Outreach and Contingency plan committees.
- Updated timeline for SMWG.
- Update on Bridge works.
- Discussion on Basin Authority LC 0630 – define area, authority and legal.
- Discussion on developing a strategy to trigger NEPA.